App. F. IX-4

Revenue P 318/26

1926.7. (G.F.)

File No. G.F. 141-26

Previous References

G.F. 141. 26. 163.

Serial Nos. 6.

Later References

Keep

General and Revenue Secretariat.

Serial Gne

Part B for April 1927

SUBJECT

Extension of the period of deputation of Mr. N. S. Subba Rao for enquiry into the System of Taxation in Mysore.

Secs. 6.

P.19. E

To The Comptroller to Govt.

Mr. N. S. Subba Rao M. A., Bar. at. Law Officer on Special Duty

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No. R 7746. 47 dated 6th April 1927

Extends the period of the Special duty of Mr. N. S. Subba Rao up to the 18th May 27

AP 18/4.

I have engaged myself during the first fortnight of my special duty with two things:

In the first place, I have read through the report of the Indian Taxation Enquiry Committee - carefully and prepared a draft of the recommendation relating to each tax or group of taxes. I have next also looked through the obvious sources of information regarding taxes in Mysore and compiled a rough outline of the salient facts regarding each.

I now propose to meet the departmental authorities, partly to obtain their help in amplifying the information I have gathered regarding the several taxes, and partly to discuss with them the extent to which the recommendations of the Indian Taxation - Enquiry Committee can be applied to corresponding taxes in Mysore. It is obvious that compilation, analysis, and comparison must move abreast.

This covers references (a) (b) and (c) in the Government Order appointing me and also to some - extent part of (e), viz., " Examination of the margin of unutilised powers of taxation of Local Bodies ", and constitutes what I consider to be the simpler part of the task allotted.

The second part of my task consists of two references:

(d) Investigation into the suitability of the new or alternative taxes suggested by the Committee and the desirability or otherwise of levying them:

(e) Examination..... of the question of the assignment or transfer to them (Local Bodies) of any items of revenue which are now credited to Governmen but which may, with propriety, be placed at the disposal of the said bodies for a proper development of Local Self-Government.

I am not sure if the investigation contempl under (d) does not require to be prefaced by sor attempt, difficult and inconclusive as it must be, to examine the equity of the distribution of the present taxes, since the desirability of levying new or alternative taxes would depend on whether the present distribution of taxes requires to be redressed. There is not much material available fo an examination of the kind, but it is possible to work on the lines of chapter XIV of the report.

apart from the purely revenue-aim,

" The examination of the question of the assignment or transfer to local bodies of any items of revenue which are now credited to Government, but which may with propriety be placed at the disposal of the said bodies for a proper development of Loca Self-Government " involves a three-fold investigati

(1) Functioning of Local Bodies under the existing Regulations relating to local self-government, and the adequacy or the reverse of the maximum powers of taxation now available to them.

(2) The extent to which the Goverment can spare items of revenue now credited to it. (I assume the phrase " items of revenue now credited to it " covers more than cesses collected by the Government

. (3) The method of transfer, whether by assignment or by grant, or by the system of shared heads of revenue.

It will be obvious that while the first group of references is one mainly of careful compilation and classification of information together with - applications of the Committee's recommendations regarding existing taxes whose operation is familiar, the second group involves an investigation of the

basic principles of public finance as well as a study of financial practice.

I shall devote myself immediately to completing as soon as possible my investigations, and preparing a report, so far as the first group of the references is concerned. I have requested the Revenue Commissioner, the Excise Commissioner, the Registrar of the Chief Court, and the Superintendent of Survey for appointments to discuss with them problems relating to the taxes that fall within their purview, and it is also my intention to have talks with Rajasabhabhushana Diwan Bahadur Sir K.P.Puttanna Chetty, Mr.V.R.Thyagaraja Iyer, and Mr.Abbas Khan, and one or two Presidents of District Boards.

I am hoping to obtain from them not merely valuable information and counsel, but also indication as to the printed and other sources from which further information may be obtained to enable me to prepare " a complete statement of facts relating to each tax or group of taxes levied by Government and Local Bodies." This part of my work requires to be done carefully so that the compilation may serve as a source of reference in the coming years, which would only require to be brought up-to-date.

Side by side with the preparation of the statement, I shall also work at the applicability of the recommendations of the Committee regarding existing taxes, and I shall discuss the draft of my report with the departmental authorities concerned.

I expect that this part of the work will occupy the remaining six weeks of my special duty, which will be interrupted for about 10 day by my journey to Benares to attend the Session of the Inter-University Board.

I shall at the same time make a preliminary survey of the problems under the remaining heads of reference, and submit an interim report on 31st March.

N. S. Subba Rao

WD 01229—GPB—37,500—1-9-26

General and Revenue Secretariat

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I desire to submit the accompanying note about my work for the information and approval of Government.

R. S. Subba Rao
16/2

Chief Secretary with Compliments.

5587
17/2

Seems reasonable
Dewan.
16/2

I think the lines on which Mr. Subba R proposes to peform his work are all right.

Whether any of the new or alternative taxes suggested by the Indian Taxation Enqui Committee can be introduced here, is, as observed by Mr. Subba Rao, certainly a ques tion which has to be studied in relation to existing taxes, the equity of their distrib tion and their incidence. It will be valua to have a general survey on this subject an Mr. Subba Rao's recommendations in this res pect would be better understood in the ligh of such a survey.

The assignment or transfer contemplat in (e) of the Terms of Reference has refere to items of revenue other than cesses alre made

NOTE—Contn. Sheet

Serial No.

made available to Local Bodies. Two of the items the transfer of which to Local Bodies has been urged, are Hulbanny and Amaroye.

The financial condition of these Bodies is unsatisfactory and one way of augmenting their resources is to make over to them any items of revenue which are now credited to the Central Government but which might be made available to them.

There may be minor and local items of revenues the administration of which would be improved and the yield of which increased, if benefit of such revenues is assured to the areas from which they are derived.

An examination of all such items of revenues with a view to see which of them can be made available to Local Bodies comes, I think, under this Term of Reference.

If the transfer or assignment of the whole yield of an item of revenue is not possible or desirable, the system of dividing it between the Central Government and Local Bodies in some fair proportion, is another method which may also be examined as suggested by Mr. Subba Rao.

VAN'S OFFICE.
Received on
9. FEB. 1927
6175

Mull
17.2.27

Dewan
I agree.
Shall like to send all these papers to
the Hon. Chair Jothumbi for information &

Serial No.

for such remarks as he may wish to make.
The Subject was kept to work out
close association with
Sir Charles.

19.2.27

Forwarded with compliments to the Secretary

pm
24/2

Returned with thanks. I have noted the remarks of the Dewan & the second member as well as the views of Sir Charles Todhunter for my guidance.

H.S. Sarma
26/2

for Study

C-III-E. one file

C/5133/.

THE PALACE,
BANGALORE.

February 21, 1927

My dear Mirza,

Your d.o. No. 2042 of today's date.

I shall be delighted to cooperate with Mr. Subba Rao and to give him any assistance that is in my power in the matter of his enquiry.

If I may say so, I think his note is entirely on the right lines. The first thing to be done seems to be to take the descriptive portions of the Taxation Enquiry Committee's report, eliminate all that does not apply to Mysore, and amend the rest so as to make it an accurate description of the Mysore systems.

Such part of the eliminated matter as related to taxes in force in British India which have no counterpart in Mysore might then appropriately be considered under the head of alternatives available

An examination of the facts available relatin to incidence on the lines of chapter XIV of the

Committee's report would certainly be useful, and it might be well to add to it a consideration of the non-tax revenues of Mysore and their bearing on the problems.

Mr Subba Rao says that the portion of his order of reference which deals with local taxes involves " an investigation of the basic principles of public finance". It certainly involves, as will be seen from para 552 of the Committee's report, matters that did not fall within their terms of reference. They were debarred from the consideration of any question of expenditure, and of course it is impossible to say what sources of revenue should be assigned to local bodies without knowing what expenses the latter are to be required to meet. Even when this is determined, the question whether, for instance, it is best to enforce a sense of responsibility by giving taxing powers ~~persons~~ or to maintain a measure of control through subsidies is one on which many commissions have sat without arriving at any conclusions that have stood the test of practical working.

It would certainly be useful, therefore, if

your Government were to indicate to Mr.Subba Rao how far he is expected to penetrate into this detratable country.

I return the file herewith.

Yours sincerely,

C.B. 1427.

I returned to my duties here on the 16th, and am now engaged in prepa the draft of the first part of my re which relates to the taxes common to Mysore and British India, and I hope have it ready for submission by the of the month. The remaining referen examination of the new and alternati taxes proposed by the Indian Taxatio Enquiry Committee, and problems of Lo Finance, require, as I have already pointed out, additional time. I req that I be given extension of time ti the middle of May, which, when allow is made for my absence for a fortnig on other duty, gives me three months net for the present Enquiry.

N. S. Subba Rao
18/3

Chief Secretary with Compliments

The extension is reasonable and may be approved.

Dewan Bahadur Jois
Secy.
18/3

An additional demand has been presented by Mysore at the Delhi session -

18/3/27

(With DSN.)
23/3/27

by Circulation

For Disposal ~~at a Meeting~~)

No. C. 354

of 1926-27.

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

(Clause xii of the schedule)

Extension of the period of deputation of Mr. N.S. Subba Rao, for taxation enquiry till the middle of May 1927.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

19th March 1927.

Chief Secretary to Government.

Extraordinary Member of Council.

First Member of Council. Lee 21/3/27

Second Member of Council. (On leave)

Third Member of Council. I agree CBK 22/3/27

Submitted to His Highness.

These papers relate to the extension of the period of deputation of Mr. N.S. Subba Rao for enquiry into the system of taxatio in Mysore.

2. Mr. N.S. Subba Rao has been placed on special duty for a period of two months from 1st February 1927 for enquiry into the system of taxation in Mysore. He now says that the first part o his report, which relates to the taxes common to Mysore and Britis India, would be submitted by the end of this month, and the remaini work, viz., examination of the new and alternative taxes proposed by the Indian Taxation Enquiry Committee and problems of Local Finance, requires some additional time. He, therefore, requests that he may be given an extension of time till the middle of May 1927.

3. The Members of Council are agreeable to the proposal. The period of Mr. N.S. Subba Rao's Special Duty may be extended up to about the 18th May, when he will succeed Mr. K. Matthan as Officiat ing Inspector-General of Education during the latter's absence fro India on deputation.

4. An additional demand for the necessary expenditure will be placed before the Legislative Council at the next Session.

5. The proposal may be graciously approved.

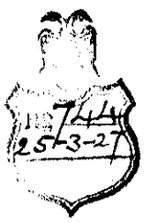
Mirza M. Ismail

Camp Hassan,
25th March 1927.

S.N.

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.



Extension of the period of deputation of Mr. N.S. Subba Rao for enquiry into the system of Taxation in Mysore.

732

Order.

~~KRM~~

31/3/27

C. Sec'y

Dr

1/4/27

9/4/27

C 354

General and Revenue
Secretariat

SUBJECT

Extension of the period of deputation of Mr. N. S. Subba Rao for enquiry into the System of Taxation in Mysore.

(*)

31. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circlated to the Members of Council at headquaters and then sent to the Secretariat concerned for the issue of orders.

Circulated to Members of Council for perusal of His Highness' orders before /after issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

By Order,

Chief Secretary to Government.

Through the Secretary to Government,

....Department.

10429/8/4

FIRST MEMBER OF COUNCIL. 4/4/27

SECOND MEMBER OF COUNCIL. (On Leave)

EXTRA MEMBER OF COUNCIL. 4/4

FINANCIAL SECRETARY
4 APR.
1927

FINANCIAL SECRETARY
4 APR. 1927

NOTE - Contn. sheet

Draft G.O. in Sinhala
1/4/27
1/4
4/4

C354 WW8

WD 01229—GPB—37,500—1-9-26
App. F. III—2]

General and Revenue Secretariat

G.7 File No 141 of 1926.

Serial No. 6

To.

The Comptroller & Mr N.S. Subbarao

no. H 7746-47, dt 6.4.27

Extends the period of the Special duty of Mr N.S. Subbarao up to the 18th of Apl 1927.

Subd. The file may be subd. to the members of Council for perusal of H.H's orders.

WW 8/4.

yes

~~Bharat~~
~~Jodhpur~~

B 8/4

Chief Secy

Returned to Financial Secretariat after Circulation to Members of Council for perusal of H.H's orders.

Rd. WW 11/4/27.

B 11/4

B

NOTE- Contd. Sheet

Proceedings of the Government of H. H. the Maharaja of Mysore.

...

Read:--

G. O. No. Fl.5837-919/G.F.141-26-1 dated 20th January 1927 directing that Mr. N. S. Subba Rao, Principal and Professor of Economics, Maharaja's College, Mysore, be placed on special duty ~~for conducting enquiry into~~ to examine the system of taxation in Mysore, for a period of two months from 1st February 1927.

2. Report dated 18th March 1927 from Mr. N. S. Subba Rao, stating that the first part of his report which relates to the taxes common to Mysore and British India, would be submitted by the end of March 1927 and that the remaining work, viz., examination of the new and alternative taxes proposed by the Indian Taxation Enquiry Committee and problems of Local Finance, requires some additional time, and requesting that he may be given an extension of time till the middle of May 1927.

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Order No. Fl. 7746-47/G.F. 141-26-6
Dated, Bangalore, the 6th April 1927.

Government are pleased to direct that the period of special duty of Mr. N.S.Subba Rao, in connection with the enquiry into the system of taxation in Mysore, be extended up to 18th May 1927.

P. T. O.

2. The establishment sanctioned to Mr. N.S.Subba Rao will also be continued during the period.

Financial Secretary.

To

The Comptroller, through Finl.Sectt.

Mr. N.S.Subba Rao, M.A., Bar-at-Law,
Officer on Special Duty.